

TEACHERS' RETIREMENT BOARD  
REGULAR MEETING

---

SUBJECT: Cash Balance Plan Update

ITEM NUMBER: 13

ATTACHMENT(S): \_\_\_\_\_

ACTION: \_\_\_\_\_

DATE OF MEETING: January 14, 1999

INFORMATION: X

PRESENTER: Ms. DuCray-Morrill

---

**CLIENT CONTACT UPDATE**

The California State Teachers' Retirement System (CalSTRS) Cash Balance Benefit Program (CBBP) marketing strategy continues to follow the Marketing Plan adopted by the Board in October 1997.

Districts not included as target districts have requested employer visits/workshops and employee groups have requested informational CBBP workshops. Employee informational workshops may be scheduled prior to the collective bargaining process and/or during the district election period. The workshops are an effective tool to inform both employers and employees regarding Program provisions and to give employers information necessary for them to make decisions regarding implementation.

From January 1998 through October 28, 1998 forty-two employer/employee workshops have been presented to an estimated total of 652 individuals. This is in addition to fifty-three meetings scheduled with School District officials.

Marketing contacts also included workshop presentations to the Sacramento County Superintendents Association Conference and the California School Boards' Association Conference.

**UPDATE ON ADMINISTRATION**

The CBBP has experienced rapid growth over the past eighteen months. On July 1, 1997 the Program's fund had approximately \$151,000 with two employers in two counties reporting contributions for 495 participants. As of December 15, 1998, the Program's fund had grown significantly receipting over \$2.49 million in contributions, with fifteen employers in ten counties reporting contributions for 5,088 participants. Note: Staff will provide the Board with a semi-annual update on the condition of the CBBP at the February 1999 Board meeting.

With the beginning of 1999, we have two new districts coming on board, Antelope Valley Community College and Montgomery Elementary. Staff have received signed resolutions that have effective dates of January 25, 1999 and February 1, 1999, respectively. In addition, the Foothill – De Anza Community College District has notified Program staff that it plans to offer the program as of July 1, 1999. During the 1998 legislative session, many employers had delayed making a decision on offering the program to their employees until the outcome of SB 2085 (the Cash Balance and Defined Benefit funds merger) became known.

With the passage of SB 2085 (Chapter 1048, Statutes of 1998), interest in the CB Program was renewed. On-going assistance has been provided to seven other counties and districts seriously considering Cash Balance as a retirement program for their part-time, hourly, and substitute instructors.

As part of CalSTRS' marketing effort, staff sent a packet of information to all CalSTRS employers which included a letter from the Chief Executive Officer (CEO) updating them on the program, an Employer Information Packet, and a matrix comparing the CBBP to the Defined Benefit Program. This packet of information was sent to the Superintendents, Chancellors, and Business Officials. A second mailing was sent to Presidents of the Board of Trustees of K-12 school districts which included the letter from CalSTRS CEO and a document containing the most frequently asked CB questions.

## **BENEFITS REQUESTS**

The CBBP has received requests for seventeen termination benefit applications, five retirement benefit applications, and two death benefit applications. As of December 15, 1998, the CBBP has made two retirement benefits payments and received seven completed applications for termination benefits. Participants requesting termination benefits are required to wait one year after termination of all creditable services before a distribution of the balance of the employer and employee accounts can be made. There are no waiting periods for retirement or death benefits.